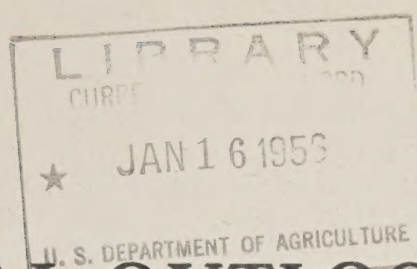


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

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Record farm production is putting heavy pressure on the farm price level.

Good weather improved the crop outlook in July. Total production is expected to reach 1948 peak. Record crops of oats, sorghum grain, hay and soybean probably will be harvested. Corn and barley crops are second largest. These and other gains offset reduced output of crops restricted by allotments--cotton, wheat, rice, and sugar crops.

Record total supply of meat, milk and poultry products is moving to market this year. Big supplies of feed at lower prices probably will encourage further increases in livestock production in months to come.

Recent declines in prices to farmers reflect heavy marketings and prospects for record output. Average of prices received the first 7 months of this year was 4% below same period of 1954. Some further easing may occur as harvest progresses.

Demand for farm products continues high. Consumer income is running 5 or 6% above a year earlier.

Further increases in consumer income are in prospect. Economic activity probably will rise further, though at slower rate than in the last 6 months.

LIVESTOCK: Prices of feeder cattle this fall probably will not be much different than last fall. Difference between prices at which feeders are bought and the fed cattle sold is likely to be fairly small. But with lower feed prices, profits in cattle feeding this coming season may be about average.

The big supply of feed probably will result in another rise in spring farrowings. But increase will be limited by lower prices for hogs this fall than last.

Heavy meat animal production again next year is almost certain. There will be plenty of feed and numbers of livestock on farms are high.

POULTRY AND EGGS: Higher prices than a year ago stimulated large broiler chick placements the last several months. Placements for the 10 weeks ending August 13 were 15% above the same period of 1954, pointing to similar increases in marketings in September and October.

Most of the seasonal rise in egg prices this summer has been in the large eggs of the better grades sold in the eastern 2/3 of the country. This fall, however, the reduction in the number of pullets raised will limit the number of small eggs marketed ... price margin between large and small sizes will be narrower than in 1954.

Early season prices for turkeys probably will be higher than in 1954. Marketings will be down since the hatch of heavy breed poults the first 4 months of this year was 13 percent below a year earlier. Hatchings rose in June and July and the price outlook is less favorable for heavy turkeys sold in November and December.

FATS AND OILS: Higher production probably will hold total supplies of food fats at least as high as last year, even though stocks are being reduced sharply this year. The 1955 soybean crop is expected to total a record 420 million bushels, 77 million bushels above last year. Output of lard will be up sharply. This will more than offset the moderate drop expected in cottonseed oil production.

This year's peanut crop, estimated at 1,551 million pounds, assures plentiful supplies for all purposes. Farmers' prices probably will be near support and below a year earlier.

The flaxseed crop, estimated at 44 million bushels, is 5% above 1954 and more than is likely to be used in the United States.

FEED: Favorable weather improved feed grain prospects during July. Record oats and sorghum grain crops and the second largest corn and barley crops are now in prospect. Total amounts to 140 million tons. This is more than will be fed in the 1955-56 feeding year.

Corn prices are likely to decline further this fall while other feed grains will continue lower than a year earlier. The index of prices received by farmers for feed grains in mid-July was 7% below the same date in 1954, the lowest since April, 1950.

WHEAT: The build-up in the wheat carryover is slowing down this year. The total supply for 1955-56 is estimated at a record 1,935 million bushels ... a carryover July 1 of 1,020 million, a crop estimated at 911 million and probable imports of 4 million. Use in the U. S. is expected to be 605 million. Exports at last year's level of 270 million would leave a carryover next July 1 of 1,060 million, an increase of 40 million. Wheat stocks rose 206 million bushels during 1952-53, 340 million in 1953-54 and 118 million in 1954-55.

FRUIT: Output of all major deciduous fruits this year is larger than in 1954 except peaches, apples and California dried prunes. However, production of apples and peaches in many states which harvest heavily from midsummer on will be larger than last year. Demand for fruit will continue strong the next few months.

VEGETABLES: Farmers are producing about 3% more fresh vegetables this summer than last. Demand continues high and prices are not likely to average up to the level of a year ago.

Output of the 6 most important processing crops is up about 7% from last year, according to August 1 indications.

The potato crop, estimated at 399 million bushels on August 1, is about 12% above the 1954 crop.

COTTON: Around 13 million bales of cotton may be used or exported in 1955-56, over half a million more than last year. Preliminary estimates indicate domestic mill consumption will exceed 9 million bales while exports will top 3 1/2 million.

A record yield of 367 pounds per acre is in prospect for the 1955 crop. Although acreage is down 14 percent from last year, the crop of 12.6 million running bales is off only 7%.

TOBACCO: Exports of flue-cured will increase in 1955-56 over the total of 428 million pounds for 1954-55. Considerable quantities will move out under the government program which provides for acceptance of foreign currencies for surplus farm products.